

## Bill Strengthens New York's Position to Access \$454 Million in Federal Funds for Clean Energy Retrofits

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Governor David A. Paterson, Congressman Steve Israel, and Legislative Leaders today announced the passage of the municipal clean energy loan program legislation. The Senate and Assembly passed the bill, which empowers communities to launch Property Assessed Clean Energy (PACE) loan programs, today during an extraordinary session of the Legislature.

The legislation allows municipalities to leverage federal funds in order to provide loans to commercial and residential property owners to finance energy efficiency retrofits and renewable energy systems. Property owners could then opt into these programs and reap an immediate savings on their energy costs and repay their loans via an annual charge on their property tax bill.

"Through my '45 by 15' clean energy initiative, New York has significantly expanded energy efficiency incentive programs that are helping residents and businesses reduce their energy costs," Governor Paterson said. "Now, thanks to the leadership of President Obama and Congressman Israel, the federal government is offering programs that encourage the use of PACE loan programs. But to strengthen New York's ability to tap this federal funding, we needed to pass this legislation, which will authorize municipalities to administer PACE loan programs. I want to thank the Legislature for recognizing this opportunity and for agreeing to pass this critical legislation in the extraordinary session."

"Just as they have acted to enable this loan program, I urge my partners in government to recognize that the time to address our fiscal crisis is now," Governor Paterson added. "Until we act on a deficit reduction plan, our work remains incomplete."

"By passing the municipal sustainable energy loan program bill during the extraordinary session, we are putting New York municipalities in a position to compete for \$454 million in federal stimulus funds," Congressman Israel said. "PACE programs will save home and business owners money, create new sustainable green jobs, bring clean energy companies to the State to compete for our business, and help wrench New York out of this painful recession. I am thankful Governor Paterson and the State Legislature see the potential for PACE programs in New York and I look forward to working with our local communities to launch PACE bond pilot programs across the State."

Senate Majority Conference Leader John L. Sampson said: "I am pleased that the Legislature, along with Governor Paterson, has reached an agreement to position New York for statewide job growth through passage of the PACE loan program. Working in partnership with the federal

government, we will help homeowners and small business owners save energy costs while reducing greenhouse gas emissions and creating new jobs all across the state. It's a win-win-win that will ultimately lead to job creation, significant household and business savings and the reduction of New York's carbon footprint."

Assembly Speaker Sheldon Silver said: "The Municipal Sustainable Energy Loan Program legislation will allow counties, cities, towns and villages throughout our state to offer loans using federal funding to homeowners and businesses who install energy efficiency improvements or renewable energy systems in their houses and buildings. This agreement encourages participation to meet clean energy goals and offers a streamlined system for repaying loans. In order to make significant progress in protecting our environment we must encourage effective initiatives such as PACE loan programs. I thank Governor Paterson and Congressman Steve Israel for their leadership in fulfilling New York's clean energy goals."

Last month, Vice President Joe Biden announced \$454 million in Recovery Act funding from the Department of Energy to support PACE pilot programs as part of his "Recovery through Retrofit" plan. Applications for the funding are due in December and awarded on a competitive basis. Currently, New York State law does not allow municipalities to add the additional property tax charge to owners' property tax bills, which is the mechanism used to pay back PACE loans. The bill passed by the New York State Legislature gives communities the ability to add this charge, making New York municipalities competitive in the bidding process for federal funds.

According to PACE Now, an independent coalition of PACE bond supporters, it is estimated that the potential for PACE bonds could exceed \$500 billion nationally. For most energy retrofit projects, property owners can expect to see an immediate energy savings of 20 to 40 percent. PACE bonds finance energy efficiency upgrades, such as double insulated windows, as well as the installation of clean energy technologies, such as solar panels or geothermal heat pumps.

Because of high energy prices and a vast amount of infrastructure, New York is uniquely positioned to benefit from the expansion of local PACE programs. A similar program launched in Babylon last year has shown great success and a high level of participation. This summer, the Governor signed bipartisan legislation granting Binghamton and Bedford the authority to implement such a program.

PACE programs are endorsed by the Alliance to Save Energy, Climate Communities, National Association of Real Estate Investment Trusts (NAREIT), Natural Resources Defense Council (NRDC), Real Estate Roundtable, Solar Energy Industry Association (SEIA), Stewards for Affordable Housing for the Future (SAHF), California Energy Commission, the American Institute of Architects, National Association of Home Builders and Polyiso Insulation Manufacturers Association (PIMA).

There are more than 150 energy efficiency financing programs in the United States, but many have limitations that include short repayment periods, high interest rates, credit requirements that do not account for energy savings, a lack of options for recent homebuyers and limited availability for households most in need. PACE bonds have several advantages for participants over other financing options, including a longer repayment period, a lien attached to the

property – not the owner, reduced transaction costs, tax benefits and low interest rates.

The Governor's '45 by 15' initiative, a goal of meeting 45 percent of the State's electricity needs through improved energy efficiency and renewable energy by 2015, is among the most ambitious clean energy programs in the country. It is estimated that the expanded use of clean energy technologies will create some 50,000 new jobs in New York.

Congressman Israel has also introduced federal legislation to support and expand PACE Bond programs (H.R.3836), which would change the Department of Energy indirect loan guarantee program to provide 100 percent guarantees for PACE bond programs. In addition, a version of H.R. 3836 was included in the climate change bill - American Clean Energy and Security Act of 2009 (H.R. 2454) - which passed Congress earlier this year.